

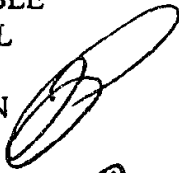



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

June 14, 1999

MEMORANDUM

TO: LAWRENCE M. NOBLE
GENERAL COUNSEL

THROUGH: JAMES A. PEHRKON 
STAFF DIRECTOR

FROM: ROBERT J. COSTA 
ASSISTANT STAFF DIRECTOR
AUDIT DIVISION

SUBJECT: CLINTON/GORE '96 PRIMARY COMMITTEE, INC.
REFERRAL MATTERS

On June 3, 1999, the Commission approved the audit report on Clinton/Gore '96 Primary Committee, Inc. In accordance with the Commission approved materiality thresholds, the attached findings from the audit report are being referred to your office.

- Finding III.A - Receipt Of An Apparent Excessive Contribution - Media Ads
Paid For By The Democratic National Committee

If you have any questions or wish to review any referenced agenda documents or workpapers please contact Leroy Clay or Thomas Nurthen at 694-1200.

Attachments as stated

Finding III.A - Receipt Of An Apparent Excessive Contribution - Media Ads
Paid For By The Democratic National Committee

**RECEIPT OF AN APPARENT EXCESSIVE CONTRIBUTION - MEDIA ADS
PAID FOR BY THE DEMOCRATIC NATIONAL COMMITTEE**

The issue addressed was whether the costs associated with the production and broadcast of alleged issue ads paid for by the Democratic National Committee (DNC) were in-kind contributions to the Primary Committee and chargeable to its spending limitation.

The Staff recommended that the Commission determine that the cost, \$46,580,358, of producing and broadcasting the ads discussed above represented an in-kind contribution from the DNC to the Primary Committee. The Staff also recommended that it be determined that this in-kind contribution was attributable to the Primary Committee's spending limitation.

By a vote of 6-0, the Commission rejected the Staff recommendation for a matching fund repayment related to \$46,580,358 in media expenses. The repayment would have resulted from the media expenses being added to expenditures subject to the limitation, and the exceeding of that limitation.

By a motion adopted on a 6-0 vote, the Commission directed the Audit Division to revise the portion of the report relating to party ads to clarify that the Commission has not reached any conclusion regarding the Audit Division's in-kind contribution analysis, and to indicate that Commissioners may submit statements for the record.

By a motion adopted on a 6-0 vote, the Commission decided that DNC expenditures for advertising, featuring the presumptive nominee, made before or during the nominating convention, and reported by the DNC as 441a(d) coordinated expenditures should be accepted as claimed and counted against the DNC's 441a(d) limit.¹

¹ Please refer to Agenda Documents 98-85 & 99-47 at Finding III.A., and the relevant audio tapes for the Open Session meetings of December 3rd, 9th, 10th, 1998, January 14th, 28th, February 3rd, 25th, March 4th, and April 29th, 1999 for additional information.